

LETTER TO SHAREHOLDERS
AFTER
THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF

Executive Fund of Canada Ltd.

HELD ON 19th OCTOBER 1965

"As the name implies . . .

Executive Fund shares are selected by executives and professional men for themselves and their dependents.

Executive Fund is the original Canadian Open-end Investment Company which retains the revenues from its investments for re-investment. This avoids the necessity of its Shareholders being taxed on such revenues in the year in which they are received by the Company. These retained revenues increase the net worth of the Company's shares, which are revalued daily.

Participation in the Fund is suitable for those Investors who can afford to defer receipt of current taxable investment income in favour of growth of capital.

Executive Fund is also widely used for other Accounts requiring a Monthly or quarterly investment return with a minor taxable content. The Company's Regular Remittance Plans are readily adjustable to meet individual needs in this regard.

Directors

JOSEPH M. BREEN

LESLIE W. BOND

HARRY J. CARMICHAEL, C.M.G.

PAUL G. DESMARAIS

EDWIN C. McDONALD

FRANK M. McMAHON

T. ROSS MOORE

JOHN G. PORTEOUS, Q.C.

HON. JEAN RAYMOND, Q.C.

JOHN CHARLES ROGERS

The RT. HON. LORD THOMSON of Fleet

Executive Fund of Canada Ltd.

"INVESTMENT PORTFOLIO"

29th October 1965

CASH (Demand Deposits) \$263,964. 6.94%

BOND INVESTMENTS in lieu of Cash:

		Market Value
\$ 50,000. British Columbia	3% — 1968	\$ 47,250.
\$150,000. B.C. Electric Company	3½% — 1967	146,625.
\$100,000. B.C. Electric Company	3½% — 1967	96,500.
\$100,000. Canada	3½% — 1966	99,000.
\$ 50,000. Canada	2¾% — 1968	47,825.
\$ 25,000. Canadian National Railways	2¾% — 1967	24,475.
\$ 50,000. Canadian Pacific Railways	3½% — 1966	49,250.
\$ 50,000. Canadian Pacific Railways	4% — 1969	47,250.
\$ 75,000. Canadian Petrofina Ltd.	4% — 1972	68,250.
\$100,000. Manitoba	3¾% — 1966	98,875.
\$ 50,000. Ontario	3% — 1970	45,375.
\$ 25,000. Ontario Hydro Electric.....	3% — 1969	23,187.

\$793,862. 20.87%

SPECIAL BOND INVESTMENTS:

\$ 50,000. Bethlehem Copper	6% — 1975	\$ 49,625.
\$ 50,000. Northwest Nitro Chemicals Ltd.....	6% — 1979	49,500.
\$ 50,000. Westcoast Transmission Co.	5¾% — 1984	51,625.
\$ 75,000. Western Mines Ltd.	6% — 1973	71,062.

\$221,812. 5.83%

PREFERRED SHARES for Income:

		Quantity	
Alberta Gas Trunk Line Co. Ltd.	4¾% "C" Pfd.	700	\$ 67,900.
Aluminum Co. of Canada Ltd.	\$4½% 2nd. Pfd.	1,000	48,625.
Anglo-Canadian Telephone Co.	\$2.65 Pfd.	500	27,000.
Anthes-Imperial Ltd.	5½% "C" Pfd.	250	25,625.
Argus Corporation Ltd.	\$2.60 "A" Pfd.	600	30,900.
British Columbia Telephone	4.84% Pfd.	2,000	50,000.
Chemcell (1963) Ltd.	\$1.75 Pfd.	1,000	35,625.
Delta Acceptance Corp.	5½% "D" Pfd.	500	48,000.
Dominion Foundries & Steel Ltd.	4¾% Pfd.	700	70,437.
Economic Investment Trust Ltd.	5% Pfd.	500	25,500.
Loblaws Groceries Co. Ltd.	\$1.50 Pfd.	500	15,125.
MacMillan Bloedel & Powell River Ltd.	Pfd.	500	500.
Power Corporation	4¾% 1st. Pfd.	1,000	46,875.
Quebec Telephone	4.75 Pfd.	2,000	39,000.
St. Lawrence Corporation Ltd.	5% "A" Pfd.	700	70,000.

\$601,112. 15.80%

CONVERTIBLE PREFERRED SHARES for Income and Growth:

Aluminum Ltd.	4¾% Pfd.	600	\$ 24,300.
Anglo Canadian Pulp & Paper Mills	4½% Pfd.	1,000	25,000.
Bathurst Power & Paper Co. Ltd.	"A" Pfd.	500	27,500.
Canadian Cannery Ltd.	"A"	2,500	37,500.
Canadian Industrial Gas	5½% Pfd.	1,500	21,000.
Columbia Cellulose Co. Ltd.	\$1.20 Pfd.	1,500	39,000.
Shell Investments Ltd.	5½% Pfd.	2,000	49,500.

\$223,800. 5.88%

COMMON SHARES for Growth:

Abitibi Power & Paper Co. Ltd.	2,500	\$ 27,812.
Algoma Steel Corp. Ltd.	700	44,887.
Aluminium Ltd.	1,000	32,875.
Banque Canadienne Nationale	250	17,250.
British American Oil Co. Ltd.	1,500	44,250.
Calgary Power Ltd.	1,500	39,750.
Canada Cement Co. Ltd.	1,000	49,500.
Canada Packers Ltd. "B"	1,000	89,500.
Canadian Imperial Bank of Commerce	600	38,175.
Canadian International Power Co. Ltd.	500	14,500.
Canadian Superior Oil Ltd.	1,500	28,125.
Chemcell (1963) Ltd.	2,000	31,000.
Consolidated Mining & Smelting Ltd.	1,000	50,000.
Distillers Corp. — Seagrams Ltd.	1,500	56,625.
Dominion Foundries & Steel Ltd.	1,500	41,250.
Dominion Stores Ltd.	1,500	39,000.
Falconbridge Nickel Mines Ltd.	900	100,350.
Hollinger Consolidated-Gold Mines	1,000	27,125.
Hudson's Bay Co.	1,000	28,750.
Imperial Oil Ltd.	1,250	68,593.
Imperial Tobacco Co. of Can. Ltd.	1,500	22,125.
Industrial Life Insurance Co.	125	23,750.
International Nickel Co. of Canada Ltd.	1,000	99,500.
International Utilities Corp.	2,000	63,000.
John Labatt Ltd.	1,000	18,500.
Massey Ferguson Ltd.	2,000	69,500.
Molson's Breweries Ltd. "A"	1,000	37,750.
Noranda Mines Ltd.	2,000	105,750.
Rio Algom Mines Corp. Ltd.	5,000	99,375.
Rothmans of Pall Mall Canada Ltd.	1,000	24,000.
Royal Bank of Canada	300	22,125.
Steel Co. of Canada Ltd.	3,000	82,500.
Toronto-Dominion Bank	500	31,000.
Union Oil Co. of Canada Ltd.	1,500	28,312.
Union Carbide Can. Ltd.	1,500	44,250.
Hiram, Walker, Gooderham & Worts Ltd.	1,500	54,375.
Western Mines Ltd.	1,000	4,900.

\$1,700,029. 44.68%

TOTAL NET ASSETS:

\$3,804,579. 100%

Executive Fund of Canada Ltd.

SUITE 1450 - 1245 SHERBROOKE STREET WEST
MONTREAL CANADA

October 29, 1965

TO THE SHAREHOLDERS:

From the beginning of the year, to the date of this letter, the Fund's Net Assets are up 51.6% to \$3,804,579. from \$2,509,000. This compares with an increase of 41% for the similar period last year, and the 47% for the whole year of 1964.

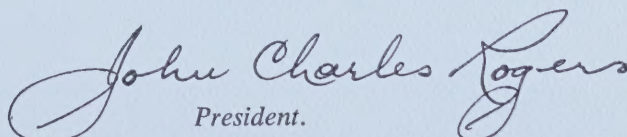
Shares Outstanding have increased to 546,892 shares, - up 47%. This compares with an increase of 21% during the same period last year and 27% for the entire year of 1964.

Net Asset Value per share at the beginning of the year stood at \$6.73. In the month of May a high of \$7.21 per share was reached and in the subsequent market break the low was \$6.71 per share. Despite the Fund's very conservative investment portfolio, and the fact that Canadian Stock Markets have not recovered in the same manner as those in New York, net asset value per share at time of writing stands at \$6.96 per share, up 3.4% from the beginning of the year and up 3.5% from the July low.

More and more old and new Shareholders are making use of the Fund's Regular Remittance Plans and others are invited to write to this office for further information, or consult their investment Dealer. Payments to the Shareholders under these Plans have, during the first ten months of this year, averaged 97½% income tax free.

Shareholders may have noticed that newspaper quotations of the Fund's shares are showing wider spreads between the Redemption Price and the Offering Price. This arrangement went into effect in May of this year in order to bring the Fund's acquisition charges into conformity with the practices of other Mutual Funds. Your attention is drawn to the enclosed Investment Dealers' Card which illustrates how these acquisition charges are reduced for larger purchases. Also Shareholders should be aware, that in making additional investments in the Fund, they are entitled to discounts based on the value of their present holdings plus their intended purchases. Your Investment Salesman will gladly explain this to you or, you may write to us.

Yours faithfully,


President.

SOME OF THE USES OF AN INVESTMENT IN EXECUTIVE FUND SHARES BEING EMPLOYED BY SHAREHOLDERS

"It is trite law that His Majesty's subjects are free . . . to make their own arrangements so that their cases may fall outside the scope of the taxing acts". — VISCOUNT SUMNER.

CORPORATION EXECUTIVES IN HIGH TAXATION BRACKETS. Investment income, being "top" taxable income, makes Executive Fund Shares attractive to salaried executives to whom receipt of such income after retirement should be more advantageous — because their Income Tax bracket may then be lower.

ESTATE BUILDING. Executive Fund's policy, of compounding all investment earnings through re-investment, materially assists the growth of an investment account. The deferment of taxation on such earnings allows for a greater sum to be compounded. The impact of taxation is obviously less severe on the individual when he is no longer in receipt of salary income.

WIVES WITH INVESTMENT INCOME. Depending on the size of such income, advantageous readjustment in the total taxes payable by a husband and wife are possible, when resort is had to investment in Executive Fund Shares. (Also see below).

GIFTS. Gifts to others, legally made, during the lifetime of the donor can substantially reduce succession duties. However, if the donees are minors or dependents, the donor remains liable for taxes on the income from the gift. The use of Executive Fund Shares allows this income to be deferred until such time as the donor will no longer be liable to tax thereon.

BUSINESS PARTNERSHIPS. Business partnerships investing surplus funds in Executive Fund Shares place themselves on an equal basis with corporations, since the receipt of the income on such investments is deferred to a period when the tax basis of the partners should be less onerous.

FOREIGN INVESTORS. Non-resident individuals and corporations desirous of investing in Canada do not incur any Canadian Income or Withholding Taxes by investing in Executive Fund Shares if the shares are eventually sold on the open market. Bearer Share Warrants are available. (Also see below).

EXECUTIVE FUND REGULAR REMITTANCE PLAN A COMPLETELY FLEXIBLE INVESTMENT ARRANGEMENT FOR INVESTORS DESIRING SELF-PLANNED REGULAR CASH RECEIPTS

Under this Plan, shareholders, who are desirous of receiving monthly or quarterly cash amounts from their investment, lodge their shares with the Canada Trust Company in safe custody, with instructions to liquidate sufficient shares each period to provide the amounts desired. Experience has shown that if the withdrawals are on a conservative basis, the natural growth in the value of the remaining shares through compounding of earnings and capital gains should be sufficient to offset the depletion in the number of shares held.

The Executive Fund Regular Remittance Plan possesses an important tax advantage over similar plans offered by many other mutual funds. This is because of the "retention and re-investment of earnings" policy, which eliminates the necessity of paying tax on the earnings of the bulk capital of the account in the years in which they accrue.

RETIRED OR RETIRING EXECUTIVES may supplement their pension with monthly receipts from their Regular Remittance Plan with minimum tax requirements.

WIVES WITH INVESTMENT CAPITAL, depending on the size of such capital, may obtain regular monthly cash receipts under the Plan and still be classed as a "dependent" by the husband for income tax purposes.

A CAREER WOMAN WITH INVESTMENT CAPITAL may supplement her salary with regular cash receipts under the Plan without materially adding to her taxable income.

A WIDOW WITH THE RIGHT TO DRAW ON CAPITAL to supplement her income from an estate may do so in a judiciously planned program.

AGED "INDEPENDENTS" may be provided with regular cash allowances out of their own capital, with due regard to Life Expectancy.

WEALTHY INVESTORS may substantially reduce their total taxes and still receive regular cash remittances commensurate with their standard of living.

NON-RESIDENT INVESTORS LIVING IN "NO INCOME TAX" AREAS who are thusly penalized by Canadian Withholding taxes may utilize the Plan to receive regular remittances on which the Withholding Taxes are negligible.

(Additional Information on Request)